



Memorandum

**TO: HONORABLE MAYOR AND
CITY COUNCIL**

FROM: Scott P. Johnson

**SUBJECT: APPROVAL OF CITYWIDE
INSURANCE RENEWALS**

DATE: September 2, 2004

Approved

Date

9.2.04

**COUNCIL DISTRICT: Citywide
SNI AREA: N/A**

RECOMMENDATION

Approval of purchase of citywide insurance policies for the period October 1, 2004 to October 1, 2005 in an amount not to exceed \$2,950,000. Funding for these policies is included in the 2004-2005 Operating Budget.

BACKGROUND

The City of San Jose transfers exposure for catastrophic events via insurance policies when the frequency of events cannot be predicted, the severity of potential losses could seriously hamper the City's operations, and where the cost of coverage is not prohibitive.

The City purchases a number of different insurance policies with annual premiums below \$100,000 and/or with different expiration dates (i.e. Notary Bonds, Airport Customs Bond, Flood, and others.) The insurance policies that have an annual renewal date of October 1, 2004 are reflected in this memorandum. Premiums are subject to change during the course of the year based on additions and/or deletions to the policies. The insurance carriers listed are to take effect October 1, 2004. For example, the City's total insurable values for all City owned property increased by 6.8% from last year. The approximately \$99.7 million increase in insurable values is largely attributable to the number of new capital projects being completed and moving onto the City's insurable property list. To the extent additional properties are added during the course of the policy period, additional premium is due and payable.

ANALYSIS

On an annual basis, the Finance Department reviews the City's risk exposure with the City's insurance broker to obtain cost effective insurance coverage at the best price.

In June 2003, staff recommended changing the City's annual renewal date from July 1 to October 1 since July 1 is the single busiest renewal date in the insurance industry, which historically had impeded the ability of the City to secure the best terms and conditions. Last year, the City purchased a one-time 15-month policy (July 1, 2003 – October 1, 2004) to accomplish this change. The annual insurance renewals will be presented to the City Council in September each year for review and approval prior to the new October 1 renewal date.

The Finance Department, through the City's Insurance Broker (Willis Insurance Services of California, Inc.), has been successful in securing renewal coverage for the policies which expire October 1, 2004. The City, through our Broker, solicited major international insurance carriers to provide insurance premium quotes. Through this effort, the City has been successful in obtaining insurance quotes for all policies recommended for purchase. Proposals have been compared and evaluated with respects to scope of coverage, cost, and financial strength to pay claims and resources available to provide services such as property inspections and loss control services. Appendix A reflects the best coverages, renewal premiums and insurance carriers available. Appendix B provides a comparison of insurance premiums by fund and type of insurance. This comparison shows that the aggregate insurance quotes received are 4.6% less than what the City paid last year across all funds (annualized for 12 months the savings is approximately \$130,000) and 25% less than the FY 2004-05 budget for city-wide insurance premium costs (total budget savings city-wide projected at approximately \$880,000.)

It should be noted that a portion of the savings the City will realize in procuring the insurance program is due to the suspension of a 2% surcharge that was implemented January 1, 2003 by the California Insurance Guarantee Association (CIGA). This surcharge was assessed on all insurance premiums state-wide (with the exception of automobile liability). The purpose of the surcharge was to provide a mechanism for the payment of insurance claims of insolvent insurance companies. CIGA has suspended the surcharge as of January 1, 2004 with the exception of workers compensation. This suspension of the surcharge is based on CIGA's determination that sufficient funds are available to fund claims and expenses (with the exception of auto liability). CIGA's assessment of the surcharge is determined on a year-to-year basis.

Consistent with the City's annual insurance renewal process, Finance Department Risk Management staff, working with our insurance broker, examined the City's existing insurance program along with alternative coverages that could be considered. Risk Management also worked with the effected departments listed under the coordination section below to determine their insurance needs for City property and facilities. The coverages examined for this renewal period are described below in two categories; insurance coverages recommended and insurance coverages which are not cost effective and therefore not recommended for purchase.

Insurance Coverages Recommended

- **All Risk and Boiler & Machinery Property Insurance** - Provides coverage for City owned and leased real and personal property (including buildings, contents, business interruption, boiler and machinery, EDP equipment and media, fine arts, mobile and contractors equipment, builders risk, loss of rents, expediting expenses, off premises services interruption, building ordinance coverage, unnamed locations, transit, accounts receivable, valuable papers, and other coverages as detailed in the policy forms subject to sub-limits as defined in the policy).

After September 11, 2001 there was a dramatic reduction in property insurance capacity worldwide. As a result, the City was unable to obtain property insurance at the \$1 billion level, and therefore, the City reduced its property insurance limits from \$1 billion to \$500 million. During last year's renewal period the City was successful in obtaining \$750 million in property insurance limits for 5.8% less premium than what the City paid for \$500 million in coverage the year before.

This year, the City has been successful in obtaining \$1 billion in property insurance limits, restoring the coverage to the level that existed prior to September 11, 2001. This was accomplished for 14% less in premium cost while increasing our coverage by approximately 33%. The City's annual rate per \$100 of insured value has decreased from 0.1091 per \$100 to 0.0942 per \$100. The City's total insurable value for City facilities and property was \$1.47 billion as of July 1, 2003 and has increased by \$99.7 million to \$1.57 billion as of July 1, 2004.

Insurance Carriers: The \$1 billion coverage will be achieved through a layering of insurance coverage between three insurance carriers; Allianz Global Risks US Insurance Company, XL Insurance America, and RSUI Indemnity Company. In addition, the boiler and machinery coverage will be provided by Pacific Indemnity Company.

Excess Earthquake Insurance (Parking Garages Only) – Provides earthquake insurance covering real property and loss of rental income coverage on three (3) City owned parking garages (45 N. Market Street, 75 N. Third Street, and 280 S. Second Street.)

Insurance Carriers: Axis Specialty Insurance Company, Essex Insurance Company, Great American Insurance Company, Greenwich Insurance Company.

- **Airport Owners and Operators Liability** – Provides coverage for bodily injury, property damage and personal injury for claims occurring at the airport.

Insurance Carriers: ACE Property & Casualty Insurance Company and Lloyds of London.

Secondary Employment Law Enforcement Professional Liability – Provides coverage for an actual or alleged error or omission, negligent act, neglect or breach of duty by the City while conducting law enforcement activities on behalf of a third party (secondary employer), which result in bodily injury, property damage or personal injury.

Insurance carrier: Gemini Insurance Company.

- **Auto Liability** – Provides coverage for bodily injury, property damage and personal injury for claims arising out of the operation of the Airport and Water Pollution Control Plant auto fleets.

Insurance carrier: United States Fire Insurance Company.

- **Airport Shuttle Bus - Physical Damage** - Provides comprehensive physical damage (i.e. fire, theft, vandalism, malicious mischief) and collision damage subject to a \$25,000 deductible.

Insurance carrier: Westchester Surplus Lines Insurance Company

Police Aircraft Hull and Liability – Provides coverage for bodily injury, including passengers, property damage and hull for Cessna 182 and American Eurocopter EC120B.

Insurance carrier: Westchester Fire Insurance Company.

Police Aircraft Accidental Death & Dismemberment – Accidental Death, Dismemberment or Loss of Sight. This policy is placed by the insurance broker for the Employee Services Department.

Insurance carrier: CIGNA Insurance Company

Insurance Coverages Not Cost Effective

While the insurance coverages described below are not cost effective to the City today, Finance staff in consultation with our insurance broker, will continue to review the cost of workers' compensation coverage, earthquake coverage, and war and terrorism coverage and make recommendations to purchase insurance coverage to the extent it becomes cost effective.

War Risk, Terrorism, Hijacking Risk – Provides coverage for its insured which becomes legally obligated to pay damages because of bodily injury or property damage but only if caused by war and other perils resulting from Aviation operations.

- **Terrorism Risk Insurance Act of 2002 (TRIA)** – Provides coverage for insured losses resulting from certified acts of terrorism as defined by TRIA. Coverage is provided via a temporary Federal program. Unless extended by the federal government, this program is scheduled to terminate on December 31, 2005.

The Terrorism Risk Insurance Act (TRIA) of 2002 was signed into law by President Bush on November 26, 2002. TRIA requires all insurance carriers provide an optional quotation for terrorism coverage at the same time as the standard insurance renewal quotation. If the City declines to purchase the optional TRIA coverage, any claim that occurs as a result of terrorism will not be covered.

The City considered the purchase of TRIA coverage on January 28, 2003 (item #3.6) after it was first offered following enactment of the legislation and again in June, 2003 in conjunction with the renewal of the City's policies. The City declined to purchase this coverage based on the assessment of the risk and the cost and coverage limitations. The coverage under TRIA is very specific and somewhat limited.

There are several very specific requirements for TRIA coverage to apply as briefly summarized below:

The Secretary of Treasury must certify an event as an "Act of Terrorism." To qualify as an "act of terrorism" the event must be committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the civilian population of the U.S. or influence U.S. policy or conduct by coercion. Please note that "domestic terrorism" like the Oklahoma City bombing would not be considered an "Act of Terrorism" under TRIA.

An "Act of Terrorism" is defined as any violent act or act that is dangerous to life or property that results in damage totaling at least \$5 million in the United States. Acts committed as part of a war declared by Congress are excluded from the scope of the definition.

The terms and conditions of coverage (limit, deductible, etc.) are governed by the specific policy.

Under TRIA, there is a \$5 million aggregate requirement. Total damages suffered by all insureds from an "Act of Terrorism" as defined by TRIA must be at least \$5 million. If the \$5 million threshold is met, coverage applies subject to specific policy terms and conditions. In the case of the property insurance program, a \$100,000 per occurrence deductible would apply.

The City has limited terrorism coverage under the All Risk and Broiler & Machinery Property Insurance which includes \$2.5 million per occurrence and in the annual aggregate excess of a \$100,000 deductible. The cost of purchasing terrorism insurance through the TRIA program is summarized below:

• All Risk and Broiler & Machinery Property Insurance	\$117,145
• Excess Earthquake Insurance (Parking Garages Only)	109,080
• Airport Owners and Operators Liability *	523,430
• Secondary Employment / Law Enforcement Professional Liability	21,337
• Police Aircraft Hull & Liability	5,405
• Airport Shuttle Bus Physical Damage	3,859
Total TRIA Premium	<hr/> \$780,256

** Premium for War Risk (\$50M Limit only from ACE) under the Airport Owners & Operators Liability policy is an additional \$216,000. If purchased in conjunction with TRIA coverage various credits are applied; the total maximum premium cost is \$631,430 for both coverages.*

- **Excess Workers' Compensation** - Indemnifies the City for Workers' Compensation Claims.

The City's total Worker's Compensation claims are projected to be approximately \$35.9 million for Fiscal Year 2004-05. Over the past 12 months, the City's insurance broker investigated the cost of several options associated with managing and transferring the risk associated with the City's Worker's Compensation program. These options were:

- Excess Worker's Compensation Coverage
- Guaranteed Cost/First Dollar Worker's Compensation Coverage
- Loss Portfolio Transfer (selling the City's outstanding liabilities associated with Worker's Compensation claims to an insurance company)

In each instance, the cost was determined to be prohibitive.

For Excess Workers Compensation coverage, the annual premium is \$3,000,000 for \$25 million of coverage excess of a \$2 million per claim Self Insured Retention. The annual premium is \$1,800,000 for \$25 million of coverage excess of a \$5 million per claim Self Insured Retention.

For Guaranteed Cost/First Dollar Workers Compensation coverage, the annual premium to transfer 100% of the City's Workers Compensation claims to an insurance company ranged from \$41,300,000 - \$45,000,000. This would be an annual premium paid to an insurance carrier to pay the claims costs for all Workers' Compensation claims from the effective date of the policy and to administer the program. This would not cover any payments on existing Workers' Compensation claims. The current estimated future value on an actuarial basis of the outstanding Workers' Compensation claims is approximately \$99 million. If the City were to purchase a Workers' Compensation policy, a decision would need to be made with respect to the existing unpaid claims either to continue to pay on a "self-insured" basis or transferring the claims to a third party which would have a one-time cost of \$97 to \$100 million.

Neither of these options is cost-effective to the City. Our current practice of self-insurance had an annual cost of \$24.6 million for FY 2003-2004; \$22.7 million for pay-as-you-go Workers' Compensation claims payments and \$1.9 million for program costs.

In light of the costs associated with these options, the attention being given to departments to enhance their risk control, and with Employee Services constantly improving its Workers' Compensation claims administration staff recommends that the City continue to remain self-insured.

- **Earthquake** – Provides coverage for damage caused by the peril of earthquake or volcanic action. The coverage is limited to direct damage caused by an earthquake.

Earthquake insurance is yet another type of coverage which has continued to rise in cost. The cost for \$5 Million in coverage is in excess of \$508,604 annually. This pricing level makes it financially impossible to purchase coverage citywide. As noted above, we have been successful in securing \$25 million in aggregate of earthquake coverage for three Parking Garages as requested by the Department of Transportation.

Premium and proposed budget comparisons can be reviewed on Appendix B.

PUBLIC OUTREACH

Not applicable.

CEQA

Not a project.

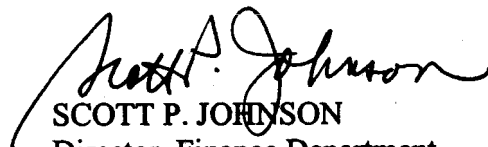
COORDINATION

This memo has been coordinated with the following departments: Airport, Transportation, Convention Arts & Entertainment, Environmental Services, Planning Building and Code Enforcement, Police, Employee Services, City Manager's Budget Office and the City Attorney's Office.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt. for Contract*	2004-2005 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
001	2001	Insurance Premiums	000073	993,000	739,932	Page IX-13	N/A
001	2864	Police Officers Professional Liability Insurance	009065	457,000	426,734	Page IX-9	N/A
001	0502	Non-Personal /Equipment (Police)	000583	17,953,978	140,205	Page VII-14	N/A
523	0802	Non-Personal /Equipment (Airport)	105110	34,286,851	650,596	Page XI-3	6/22/04 Ord. No. 27196
519	0802	Non-Personal /Equipment (Airport)	417140	4,402,288	26,790	Page XI-1	6/22/04 Ord. No. 27196
536	0672	Non-Personal /Equipment (CAE)	001010	5,009,549	74,067	Page XI-20	N/A
518	0692	Non-Personal /Equipment (Muni Gulf)	301020	100,000	1,623	Page XI-59	N/A
533		Non-Personal /Equipment (DOT)	106000	6,487,707	216,103	Page XI-30	N/A
513	0762	Non-Personal /Equipment (ESD)	900900	28,331,641	342,584	Page XI-63	N/A

* These policies are funded by appropriations in the 2004-2005 Operating Budget.


 SCOTT P. JOHNSON
 Director, Finance Department

Attachments

1.) ALL RISK AND BOILER & MACHINERY PROPERTY INSURANCE

	Current Program 7/1/2003 – 10/1/2004	Renewal Program 10/1/2004 – 10/1/2005
Carrier	Allianz/Pacific/Royal	<i>Allianz Global Risks US Insurance Company</i> \$250 Million excess of underlying deductibles <i>XL Insurance America</i> \$250 Million excess of \$250 Million and underlying deductibles <i>RSUI Indemnity Company</i> \$500 Million excess of \$500 Million and underlying deductibles <i>Pacific Indemnity Company</i> \$50 Million Boiler & Machinery coverage excess of underlying deductible
Property Coverage	\$750 Million	\$1 Billion
Business Interruption	\$50 Million	\$50 Million
Earthquake	Not available at a reasonable price for FY 2003/2004. Quotations for \$5 Million of coverage range from \$600,000 – \$1,200,000 (annual). The Insurance Broker and Risk Management staff will continue try to secure this coverage.	Not available at a reasonable price for FY 2004/2005. The best quotation for \$5 Million of coverage is \$500,000 (annual). The Insurance Broker and Risk Management staff will continue try to secure this coverage.
Flood	\$10 Million – Flood Zone A and V (\$1,000,000 per occurrence deductible) \$25 Million – Flood Zone B (\$100,000 per occurrence deductible) \$50 Million – All other Flood Zones (\$100,000 per occurrence deductible)	\$15 Million – Flood Zone A and V (\$1,000,000 per occurrence deductible) \$25 Million – Flood Zone B (\$100,000 per occurrence deductible) \$50 Million – All other Flood Zones (\$100,000 per occurrence deductible)
Miscellaneous	Other coverages as outlined in the insurance policy on file in Risk Management	Other coverages as outlined in the insurance policy on file in Risk Management
Terrorism (w/o T.R.I.A.) see comments in memo	\$2,500,000 per occurrence/annual aggregate	\$2,500,000 per occurrence/annual aggregate
Employee Theft	\$1,000,000	\$1,000,000
Annual Premium	\$1,668,234	\$1,470,145
Engineering Fee	\$ 5,000	\$ 5,000
Surplus Lines Taxes and Fees	\$ 8,322	N/A
CIGA Surcharge	\$ 28,039	N/A
Total		
TRIA Premium (not recommended for purchase)	\$ 279,243	\$117,145

2.) EXCESS EARTHQUAKE INSURANCE (PARKING GARAGES ONLY)

	Current Program 7/1/2003 – 10/1/04	Renewal Program 10/1/2004 – 10/1/2005
Insurance Carriers and Limits	<p><i>Axis Specialty Insurance Company</i> \$5 Million excess of \$5 Million and underlying deductibles</p> <p><i>Essex Insurance Company</i> \$5 Million excess of \$10 Million and underlying deductibles</p> <p><i>Great American Insurance Co.</i> \$12 Million part of \$15 Million excess of \$15 Million and underlying deductibles</p> <p><i>Greenwich Insurance Co.</i> \$3 Million part of \$15 Million excess of \$15 Million and underlying deductibles</p>	<p><i>Axis Specialty Insurance Company</i> \$5 Million excess of underlying deductible</p> <p><i>Essex Insurance Company</i> \$5 Million excess of \$5 Million and underlying deductible</p> <p><i>Great American Insurance Co.</i> \$12 Million of \$15 Million excess of \$10 Million and underlying deductible</p> <p><i>Greenwich Insurance Co.</i> \$3 Million of \$15 Million excess of \$10 Million and underlying deductible</p> <p>Great American and Greenwich share the \$15 million in excess of the first \$10 million of coverage on an 80%/20% prorate basis, respectively.</p>
Property Coverage	\$25 Million Per Occurrence and Annual Aggregate excess of \$5 Million and underlying deductibles	\$25 Million Per Occurrence/Annual Aggregate excess of underlying deductible
Self Insured Layer	City of San Jose self insures the first \$5 Million of coverage excess of underlying deductibles	There is no longer a self insured primary \$5 Million layer. Coverage is excess of underlying deductible of \$5 Million.
Underlying Deductibles	5% of Total Insurable Values per occurrence	\$5 Million per occurrence
Loss of Rental Income	Included	Included
Annual Premium	\$144,000	\$125,280
Surplus Lines Taxes and Fees	\$ 3,563	\$ 3,199
CIGA Surcharge	\$ 600	N/A
Total		
TRIA premium (not recommended for purchase)	\$ 95,400	\$109,080

3.) Airport Owners and Operators Liability

	Current Program 7/1/2003 – 10/1/2004	Renewal Program 10/1/2004 – 10/1/2005
Carrier	ACE Property and Casualty Insurance Company (Primary \$50M) Lloyds of London (\$150M excess of \$50M)	ACE Property and Casualty Insurance Company (Primary \$50M) Lloyds of London (\$150M excess of \$50M)
Coverage and Deductible	Airport Liability - \$200,000,000 each occurrence combined single limit for bodily injury and property damage, with a \$25,000,000 each occurrence limit for personal injury. Deductible: \$100,000 each occurrence, excluding all loss adjusting and litigation defense costs	Airport Liability - \$200,000,000 each occurrence combined single limit for bodily injury and property damage, with a \$25,000,000 each occurrence limit for personal injury. Deductible: \$100,000 each occurrence, excluding all loss adjusting and litigation defense costs
Annual Premium	\$317,250	\$326,275
Surplus Lines Taxes and Fees	\$ 2,820	\$ 3,202
CIGA Surcharge	\$ 4,540	N/A
Total		\$329,477
War Risk, Terrorism (\$50M Limit) (not recommended for purchase)	\$216,000	\$216,000*
TRIA premium (not recommended for purchase)	\$216,000	\$523,430*

* If War Risk and TRIA are both purchased, various credits apply to the premium with a total combined War Risk and TRIA annual premium of \$631,430.

4.) SECONDARY EMPLOYMENT LAW ENFORCEMENT PROFESSIONAL LIABILITY

	Current Program 7/1/2003 – 10/1/2004	Renewal Program 10/1/2004 – 10/1/2005
Carrier	Steadfast Insurance Company	Gemini Insurance Company
Coverage and Deductible	\$2,000,000 each occurrence/annual aggregate excess of deductible of \$100,000 each claim, including claims expenses.	\$2,000,000 each occurrence/annual aggregate excess of deductible of \$100,000 each claim, including claims expenses.
Annual Premium	\$406,479 (\$411/officer)	\$417,164 (\$418/officer)
Surplus Lines Taxes and Fees	\$ 12,702 (\$12.84/officer)	\$ 13,454 (\$13.48/officer)
CIGA Surcharge	N/A	N/A
Total		
T.R.I.A. Premium (not recommended for purchase)	\$64,971	\$ 21,531

Participating Police Officers contribute \$110 of the premium per Officer.

5.) AUTOMOBILE LIABILITY - AIRPORT FLEET

	Current Program 7/1/2003 – 10/1/2004	Renewal Program 10/1/2004 – 10/1/2005
Carrier	United States Fire Insurance Company	United States Fire Insurance Company
Coverage	\$1,000,000 Combined Single Limit each occurrence	\$1,000,000 Combined Single Limit each occurrence
Annual Premium	\$91,517	\$91,523
T.R.I.A. Premium	Included	Included
Total	\$91,517	\$91,523

AUTOMOBILE LIABILITY - WATER POLLUTION CONTROL PLANT FLEET

	Current Program 7/1/2003 – 10/1/2004	Renewal Program 10/1/2004 to 10/1/2005
Carrier	United States Fire Insurance Company	United States Fire Insurance Company
Coverage	\$1,000,000 Combined Single Limit each occurrence	\$1,000,000 Combined Single Limit each occurrence
Annual Premium	\$74,580	\$83,991
T.R.I.A. Premium	Included	Included
Total	\$74,580	\$83,991

6.) AUTOMOBILE PHYSICAL DAMAGE -- AIRPORT SHUTTLE BUS FLEET

	Current Program 7/1/2003 – 10/1/2004	Renewal Program 10/1/2004 – 10/1/2005
Carrier	Westchester Surplus Lines Insurance Company	Westchester Surplus Lines Insurance Company
Coverage and Deductible	Actual Cash Value for covered physical damage excess of \$25,000 per occurrence deductible	Actual Cash Value for covered physical damage excess of \$25,000 per occurrence deductible
Annual Premium	\$42,650	\$37,375
Surplus Lines Taxes and Fees	\$ 1,333	\$1,205
Total	\$43,983	\$38,580
T.R.I.A. Premium (not recommended for purchase)	\$3,855	\$3,859

7.) POLICE AIRCRAFT HULL AND LIABILITY

	Current Program 7/1/2003 – 10/1/2004	Renewal Program 10/1/2004 – 10/1/2005
Carrier	Westchester Fire Insurance Company	Westchester Fire Insurance Company
Coverage	Aircraft Hull and Liability - \$50,000,000 each occurrence for liability. Hull coverage: Cessna \$ 257,000 Eurocopter \$1,750,000 Deductible: Liability – NIL Hull/Cessna - \$500 per occurrence (in-motion) Hull/Cessna - \$100 per occurrence (not in-motion) Hull/Eurocopter – \$43,750 per occurrence (rotors in-motion) Hull/Eurocopter - \$1,000 per occurrence (rotors not in-motion)	Aircraft Hull and Liability - \$50,000,000 each occurrence for liability. Hull coverage: Cessna \$ 257,000 Eurocopter \$1,750,000 Deductible: Liability – NIL Hull/Cessna - \$500 per occurrence (in-motion) Hull/Cessna - \$100 per occurrence (not in-motion) Hull/Eurocopter – \$43,750 per occurrence (rotors in-motion) Hull/Eurocopter - \$1,000 per occurrence (rotors not in-motion)
Annual Premium	\$119,010	\$119,010
Guest Voluntary Settlement (passengers including crew \$250,000)	\$ 7,230	\$ 7,230
Annual Premium (Including Guest Voluntary Settlement)	\$126,240	\$126,240
CIGA Surcharge	\$ 2,525	N/A
Total		
TRIA Premium (not recommended for purchase)	\$ 10,096	\$ 5,405

8.) Police Air Surveillance Unit Accidental Death and Dismemberment Benefit

	Current Program 7/1/2003 – 10/1/2004	Renewal Program 10/1/2004 – 10/1/2005
Carrier	CIGNA Insurance Company	CIGNA Insurance Company
Coverage	Coverage A (Accidental Death and Dismemberment Benefit) Principal Sum \$250,000/\$1,250,000 Aggregate Limit of Liability	Coverage A (Accidental Death and Dismemberment Benefit) Principal Sum \$250,000/\$1,000,000 Aggregate Limit of Liability
Annual Premium	\$13,965	\$13,965

TRIA is not offered on this product line of insurance

**Insurance Policies with October 1 Renewal Dates
Comparison of Insurance Premiums by Fund & Insurance**

	FY 2003-04 Premiums 12 Mos	FY 2004-05 Premiums 12 Mos	Percentage Increase or (Decrease)	FY 2004-05 Budget
General Fund - Fund 001				
Property Insurance (1)	\$734,104	\$739,932	0.8%	\$993,000
Police Secondary (2)	419,181	430,618	2.7%	457,000
Police Air Support (Hull & Liab.)	128,765	126,240	-2.0%	135,420
Police AD&D (12 Month Premium)	13,965	13,965	0.0%	Incl.
Fair Skate Park (3)	8,936	N/A		Incl.
Subtotal			0.4%	
Airport Maintenance & Operation - Fund 523				
Property Insurance (1)	249,752	213,306	-14.6%	\$758,000
Liability Insurance	317,110	321,977	1.5%	Incl
Auto Liability Insurance - Airport Fleet (4)	91,517	91,523	0.0%	Incl
Parking Shuttle	21,992	19,290		Incl
Liability - Fund 519	7,500	7,500		33,000
Shuttle Bus Physical Damage - Fund 519	21,992	19,290		Incl
Subtotal	\$709,863	\$672,886	-5.2%	
Treatment Plant Operating - Fund 513				
Property Insurance (1)	\$302,700	\$258,593	-14.6%	\$442,637
Auto Insurance (5)	74,580	83,991	12.6%	121,955
Subtotal	\$377,280	\$342,584		\$564,592
Convention and Cultural Affairs - Fund 536				
Property Insurance (1)	\$203,820	\$174,067	-14.6%	\$316,174
Subtotal				\$316,174
Municipal Golf Course - Fund 518				
Property Insurance (1)	\$1,914	\$1,623	-15.2%	\$1,623
Subtotal				
General Purpose Parking - Fund 533				
Property Insurance (1)(6)	\$252,991	\$216,103	-14.6%	\$343,377
Subtotal				
TOTAL	\$2,850,819	\$2,718,018	-4.6%	\$3,602,186

Footnotes:

- 1 Policy limit for renewal is \$1 Billion vs. \$750 Million on the expiring program.
Total Insurable Values (City owned property) for renewal are \$119,695,320 more than the expiring program; increase of 8%.
- 2 Each police officer participating in the secondary employment program pays \$110 towards the premium cost (\$418 per officer)
- 3 The Skate Park has moved to City property and the Liability Policy is no longer contractually required
- 4 Airport has four (4) fewer vehicles at policy inception this year than at policy inception last year.
- 5 Water Pollution Control Plant has twenty-six (26) fewer vehicles at policy inception this year than at policy inception last year.
- 6 Includes \$128,479 (annual) for earthquake coverage.